



Department of Veterans Affairs

Financial Policy

Volume I

General Accounting

Chapter 11a

Buy/Sell Transactions

(Paper Form)

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1101 Overview

This chapter establishes the Department of Veterans Affairs' (VA) financial policies regarding the creation, execution, administration, accounting, and reporting of buy/sell transactions. A buy/sell transaction is a type of intragovernmental transaction (IGT) that occurs between two federal entities where goods or services are purchased by one entity from another entity. An Interagency Agreement (IAA) is required for all buy/sell transactions which is the major difference between buy/sell and other IGT types.

IAs establish the relationship between the requesting agency (buyer) and the servicing agency (seller) and may be executed between different appropriations within VA or between VA and another federal entity. For information on the accounting and reporting of other types of IGTs, refer to VA Financial Policy Volume I, Chapter 11, Intragovernmental Transactions. For information on Treasury G-Invoicing Buy/Sell agreements refer to VA Financial Policy Volume I, Chapter 11b, Buy/Sell Transactions (G-Invoicing).

For specific acquisition related requirements associated with buy/sell transactions, refer to the Office of Management and Budget (OMB) Federal Procurement Policy, Improving the Management and Use of Interagency Acquisitions and VA Acquisitions Manual Subpart M817.5 Interagency Acquisitions for executing IAs.

Key points covered in this chapter:

- VA will comply with statutory and regulatory requirements when entering into IAs;
- VA will adhere to Treasury's guidance on IAs;
- VA will not perform work and/or make any payment before the IAA is officially executed;
- VA will review, approve, execute, and retain IAs and related modifications;
- VA will submit all IAs and modifications to the appropriate document repository to include acquisition and non-acquisition assisted;
- VA will record accurate accounting entries for buy/sell activities, perform regular reconciliations, and resolve reconciliation differences in accordance with Treasury's guidance; and
- VA will close out IAs in a timely manner.

1102 Revisions

Section	Revision	Office	Reason for Change	Effective Date
110501 General Policies	Added criteria for determination of buy/sell transaction vs cost sharing/account adjustment	OFP (047G)	Elements for consideration when determining intragovernmental processing	August 2022

Section	Revision	Office	Reason for Change	Effective Date
Appendix F	Personnel Cost Scenario Examples added as Appendix F	OFP (047G)	Fact patterns to assist with determination of correct transactional process	August 2022
1101	Policy Name Change	OFP (047G)	Distinguish between Buy/Sell Transactions using legacy paper form process and Buy/Sell Transactions using G-Invoicing platform	July 2022
1105 Policies	Required Forms and Mandatory Clause for High-Tech Medical Equipment (HTME) Procurement	OFP (047G)	Notice of Finding (NFR 21-4) on HTME Procurement Controls Remediation Action	July 2022
1103 Definitions	Updated definitions	OFP (047G)	To use consistent with G-Invoicing Buy/Sell financial policy	July 2022
Appendix C	Removed from Policy	OFP (047G)	Previous Appendix C: G-Invoicing (GT&C and Order Stages) removed. New G-Invoicing Policy Volume I, Chapter 11b (G-Invoicing) established	July 2022

Section	Revision	Office	Reason for Change	Effective Date
Appendix E	Appendix E added to address High-Tech Medical Equipment procurement intra-agency agreements forms and verbiage to be utilized on an interim basis	OFP (047G)	Interim remediation action plan established to address audit finding NFR 21-4 regarding intra-agency agreements placed with the National Acquisition Center (NAC)	July 2022
Various	Performed five-year review and reformatted to new policy format	OFP (047G)	Reorganize chapter layout	September 2020
Various	Changed the title to Buy/sell Transactions	OFP (047G)	Improve comprehension and understanding of related content	September 2020
1103 Definitions	Updated definitions	OFP (047G)	To align definitions with FAR and Treasury TFM where applicable	September 2020
1104 Roles and Responsibilities	Removed offices without roles specific to Interagency Agreements (IAA) policy	OFP (047G)	No specific role in this policy	September 2020
1105 Policies	Updated policy section to clarify: authorities; IAA process; IAA Administration; Reporting requirements	OFP (047G)	Standardize agency guidance to federal guidance	September 2020
Appendix A	Updated appendix to remove Treasury Form 7600 and add buy/sell transaction process	OFP (047G)	Provide standardized agency guidance	September 2020

Section	Revision	Office	Reason for Change	Effective Date
Appendix B	Moved repository information to policy section and added IAA approval cover sheet	OFP (047G)	Provide standardized agency guidance	September 2020
Appendix C	Added G-Invoicing information processes	OFP (047G)	Provide standardized agency guidance	September 2020

1103 Definitions

Advances – Cash outlays made by a federal entity prior to receiving agreed upon goods and/or services.

Assisted Acquisition – A type of interagency acquisition where a servicing agency performs acquisition activities on a requesting agency's behalf, such as awarding and administering a contract, task order, or delivery order.

Buy/sell Transaction – Transactions that occur between two federal entities where goods or services are purchased by one entity from another entity. This arrangement is accomplished through the issuance of a reimbursable agreement (i.e., VA Form 2269 or Treasury Form 7600(A)(B)) between the two entities. Trading partners should have appropriate statutory authority (e.g., Economy Act), prior to engaging in an agreement for buy/sell transactions.

General Terms and Conditions (GT&C) – The section of an IAA that identifies the buyer and seller involved, the authority for the agreement, required actions, period of performance, and type (i.e., single order or multiple order IAA).

G-Invoicing – Treasury's long-term solution for buy/sell transactions that will allow federal agencies to initiate payments and to manage the receipt and acceptance of GT&C, orders, and performance.

Inter or Intra-Agency Agreement (IAA) – A written agreement entered between federal agencies (Inter), or organizational units within the same agency (Intra), establishing a relationship between a buyer and seller, which specifies the goods to be furnished or tasks to be accomplished.

Intra-Governmental Payment and Collection (IPAC) – Payment and collection transfer of funds across Federal Program Agencies (FPAs) for goods and services (i.e., buy/sell transactions), fiduciary transfers (i.e., investment and borrowing transactions), federal employee benefits data and check aftermath activity.

Non-severable Services – Services that represent a single undertaking that, if not completed in full, would not provide the buyer with any value.

Order – Also known as the ordering instrument, is the funding section of an IAA, which includes the goods and/or services requirements, funding information, and authorized signatures to establish the obligation between the trading partners.

Period of Performance (POP) – The period of time specified by the IAA within which the terms and conditions of an IAA remain in full force and effect. This is also known as the start and stop date of an interagency agreement. Goods and services will not begin being delivered before the start date identified in the POP and will finish being delivered by the end date of the POP.

Requesting Agency – A federal entity that requests goods or services from another federal entity, also referred to as the buyer.

Severable Services – Services of a continuing or recurring nature, which may be funded on a fiscal year or on an incremental basis.

Servicing Agency – A federal entity that is responsible for providing goods or services to another federal entity, also referred to as the seller.

Trading Partner (TP) – A federal entity that is party to IGTs as either the buyer or the seller.

1104 Roles and Responsibilities

Office of General Counsel (OGC) (Buyer or Seller) is responsible for providing legal review and concurrence on an IAA where applicable.

Administration and Staff Office Chief Financial Officers (CFOs) are primarily responsible for the appropriate recording and reporting of IAA-related accounting events under their jurisdiction and for reviewing and signing IAA routing sheet for amounts greater than or equal to \$25 million.

Financial Services Center (FSC) is responsible for reviewing, approving, accounting for, and retaining all of VA's IAAs and related modifications. FSC is responsible for coordinating with program officers and accounting/budget officers to ensure the accuracy of accounting entries, performance of reconciliations, and resolution of reconciliation differences. FSC is also responsible for assigning agreement numbers on IAAs.

Accounting/Funding Officials (Buyer and Seller) are responsible for approval of the funding section of the Order and recording and adjusting entries associated with the IAA

accounting events. The accounting/funding officials are also responsible for performing reconciliations and coordinating with program officers and FSC to resolve reconciliation differences.

Program Officer (Buyer and Seller) is responsible for preparing the IAA documentation package; participating in the review, approval, execution, administration, and closeout of the IAA; and assisting in the recordation of accounting entries and the reconciliation process. This responsibility may be assigned to a designated official (i.e., local finance officer, etc.) in part or in its entirety to complete.

1105 Policies

110501 General Policies

- A. Federal entities will identify a bona fide need for goods and services in daily operations.
- B. When a federal entity initiates a buy/sell transaction with another federal entity, the initiating entity must determine that ordered goods or services cannot be provided by contract as conveniently or cheaply by a commercial enterprise; and that the buy/sell activity is in the best interest of the U.S. Government.
- C. When federal entities are involved in buy/sell activities with each other, they become trading partners (TPs) bound by the terms and conditions contained in an IAA. The federal entity soliciting the goods and services will be referred to as the buyer and the federal entity providing the goods and services will be referred to as the seller.
- D. VA will comply with statutory and regulatory authorities and only enter an IAA in compliance with the following:
 - 1. The Economy Act (31 U.S.C. §1535 – §1536 Agency agreements & Crediting Payments between Agencies) and its associated regulation (Federal Acquisition Regulation (FAR) Subpart 17.5 Interagency Acquisitions) provides guidance for IAAs administered under this Statute.

To reduce potential Antideficiency Act violations and to be compliant with the Economy Act, buyers and sellers will work together to deobligate any unused amounts prior to expiration of the appropriation in accordance with the requirements outlined in Section 110503. Buyers must monitor their IAAs regularly to ensure that seller performs agreed-upon tasks timely to avoid any lapse of funding.

- 2. Non-Economy Act

Refers to all statutory authorities other than the Economy Act. Non-Economy Act related statutory authorities include, but are not limited to:

- Medical Sharing Agreement, 38 U.S.C § 8153;
- Government Employees Training Act (GETA), 5 U.S.C. § 4104;
- Intergovernmental Personnel Act, 5 U.S.C. § 3371 et seq.;
- Debt Collection Act, 5 U.S.C. § 5514(a)(2);
- VA Supply Fund, 38 U.S.C. § 8121; and
- VA Franchise Fund, Public Law 109-114.

There are no specific requirements to deobligate unused amounts associated with Non-Economy Act orders prior to the expiration of the appropriation as long as the buyer has a bonafide need for goods or services and the seller is actively seeking to provide the goods and services.

- E. VA will utilize an IAA to document all buy/sell activities between organizational units both within and outside of VA.
- F. Grants, cooperative agreements, special purpose agreements and contracts between VA and non-federal entities are not considered buy/sell transactions and are not processed via an IAA.
 - 1. Grants, cooperative agreements, and special purpose agreements are used for special purposes specifically authorized by law and are not for the acquisition of goods or services by the federal government. Refer to P.L. 95-224, 2 C.F.R. § 200.201 – Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts, and 2 C.F.R. § 200.24 - Cooperative agreement for additional details.
 - 2. Contracts between VA and non-federal entities, such as state and local Governments for the purchase of goods and services will follow the requirements set forth in the FAR.
- G. VA will utilize Treasury standard forms 7600A General Terms and Conditions (GT&C) and 7600B Order for the IAA. Except for:
 - 1. Intra-Departmental transactions, in which case, VA Form 2269 may be used.
 - a. Exception to (1 above), VA requires all National Acquisition Center (NAC) orders beginning October 1, 2021 to include a mandatory clause in the special remarks section of the purchase request Form 2237.
 - b. The special remark will then automatically transfer to the purchase order Form 2138. Refer to Appendix E for additional information.

2. Medical cost sharing IAAs with oversight by the Office of Integrated Veteran Care, in which case, Form 10-1245C can be used.
 3. Specific instances where business partner requirements by other agencies require the use of agency-specific forms (e.g., U.S. Government Publishing Office (GPO) Standard Form (SF) -1, General Services Administration (GSA) ordering portals).
- H. VA will adhere to Treasury Financial Manual (TFM) Volume I, Chapter 4700 to divide the buy/sell process into four distinct phases: IAA initiation and GT&C; Order; Performance Transactions/Receipt and Acceptance; and Funds Settlement/IAA Closeout. Refer to Appendix A for specific business and accounting events that occur in each phase. The following sections will exhibit VA's policies based on the four phases.
- I. IAAs will be executed for buy/sell activities between VA and another federal entity or between major organizations within VA.
- J. Distinguishing between buy/sell transactions or cost sharing/account adjustment expenditure transfers is dependent upon whether or not the office providing the service performs the service as short-term limited assistance or provides that service as a normal part of their business activity. If this is short-term limited assistance a buy/sell agreement is not required, if a normal part of business activity then buy/sell agreement is required. See Appendix F for scenario examples.

110502 IAA Paper Form Establishment Process

This section covers general steps for IAA establishment. The essential steps for establishing an IAA are the same for Economy Act and Non-Economy Act orders, however the differences apply to whether the IAA uses acquisition or non-acquisition assistance. VA must adhere to the FAR related requirements for executing acquisition assisted IAAs. Refer to VA Acquisitions Manual Subpart M817.5 Interagency Acquisitions for acquisition related guidance. Refer to VA Financial Policy Volume I, Chapter 11b Buy/Sell Transactions (G-Invoicing) for G-Invoicing related guidance.

- A. VA will follow the IAA establishment process contained in this section to create, document, review, approve, and retain its IAAs.
- B. To begin the IAA establishment process, the buyer's program officer will conduct research and analyses such as market research and or develop an independent cost analysis unless the legal authority directs VA to participate in the buy/sell transaction. The research and analysis will be designed to determine if conducting the proposed buy/sell activity with another federal entity would be the best interest of the U.S. Government.

- C. After a determination has been reached that an IAA with another federal entity is in the best interest of the federal government, the buyer's program officer will work with the potential seller to develop the agreement.
- D. After confirming with the potential seller that it has the capability and capacity to enter into the proposed IAA, then the buyer will begin negotiating the proposed IAA with the seller. If VA is the seller, then VA must obtain verification of proper and adequate reimbursable authority from the accounting/budget office and determine the ability to provide or produce items or services prior to entering into any agreement with the buyer.
- E. The buyer's program officer will obtain a cost estimate from the seller and consult with the buyer's accounting/budget officer to verify the funding availability. If the funds are under the constraint of a continuing resolution, the buyer will identify the funding restriction and denote it in the IAA. In addition, there are special rules of funds control for different types of services as follows:
 - 1. The funds available to pay for services in one fiscal year are not available to pay for services in the following fiscal year unless the services are non-severable or otherwise authorized by law.
 - 2. For non-severable services, only the funding available in the fiscal year when the services begin will be used for the duration of the IAA's POP. Funding available in subsequent fiscal years cannot be used for payment or reimbursement of the services.
 - 3. For severable services, funding may be obligated for up to 12 months and may cross fiscal years (41 U.S.C. § 3902, Severable services contracts for periods crossing fiscal years). Each option period exercised starts a new order and 12-month POP.
- F. After the buyer and the seller concur on the details of the IAA, the authorized personnel on both sides will review, approve, and sign the GT&C (e.g., Form 7600A) and Order (e.g., Form 7600B).
 - 1. An IAA form will contain the GT&C and the order(s). The GT&C will be reviewed and approved by the buyer and the seller prior to the Order being completed. Signatures are required from all parties involved in a buy/sell transaction before any goods or services are received or reimbursements made with another federal entity.
 - 2. Information documented in the GT&C and order(s) includes data elements that form the foundation of the buy/sell process. IAAs will conform with Treasury requirements and contain all data elements specified by Treasury. The Treasury

Fiscal Service Data Registry is an authoritative reference for the Federal Intragovernmental Data Standards (FIDS).

3. VA's program officer or designee will ensure the appropriate reviews of the IAA package prior to signing the IAA. Program Officials will utilize the Routing Cover Sheet (see Appendix B) to manage the review and approval process and ensure IAAs are reviewed and approved by the appropriate office. Below are the additional reviews prior to IAA signature:
 - a. FSC – will perform initial review of IAA, assign an IAA number and sign routing sheet;
 - b. OGC, if applicable (i.e., All Economy Act interagency acquisitions with \$250,000 or more in life cycle costs, and all interagency acquisitions with \$750,000 or more in life cycle costs, require OGC review and concurrence);
 - c. Other applicable reviews if required (per internal Directives and Handbooks);
 - d. Chief Information Officer (CIO) or designee, if applicable – will review IAA and sign routing sheet;
 - e. Administration and Staff Office CFO's – will review all IAAs \geq \$25M threshold and sign routing sheet; and
 - f. FSC – will perform a final review of IAA and sign routing sheet.
4. IAA Routing Cover sheet will be reviewed and signed based on the below threshold amounts. VA Form 2269 combines both the GT&C and Order on the same form while the Treasury 7600 separates the GT&C (Form A) and Order (Form B). The routing sheet review and approvals will be completed for both VA Form 2269 and Treasury 7600(A)(B) agreement forms.
 - a. GT&C
 - i. Program Official
 - Greater than or equal to \$25 million will require review from SES responsible for overseeing the program office or his/her designated official and signature on routing sheet.
 - ii. Administration and Staff Office CFO's
 - Greater than or equal to \$25 million will require review and signature on routing sheet.
 - iii. Local Program and Finance Office Official

- After receiving the appropriate routing sheet signatures, will sign the routing sheet and GT&C.
- b. Order
- i. Program Official
 - Less than \$5 million will require review and signature on routing sheet and order (recommend GS12 or higher-level employee perform this approval).
 - Greater than or equal to \$5 million will require review and signature on routing sheet and order (recommend GS13 or higher-level employee perform this approval).
 - ii. Local Finance
 - Less than \$5 million will require review and signature on routing sheet and order (recommend GS12 or higher-level employee perform this approval).
 - Greater than or equal to \$5 million will require review and signature on routing sheet and order (recommend GS13 or higher-level employee perform this approval).
5. Every order must be sent to FSC who will assign an IAA number. FSC will also conduct the initial review. The IAA number is an essential element that connects orders to obligation documents and is used and referenced in the reconciliation process. The IAA number will also allow the FSC to monitor the IAAs that have not been completed.
6. The agreement is not valid until it is signed by both parties.
7. All signed buy/sell IAAs must be uploaded into the appropriate document repository (e.g., FMS users will send agreements to FSC for upload into the IAA repository; iFAMS users will upload agreements into iFAMS), to include:
- economy or non-economy act agreements; and
 - assisted acquisition and non-assisted acquisition agreements.
- If FSC finds issues with the signed IAA, they will return the IAA to the program officer or designee to address the concern.
8. Exemptions from uploading into the repository include:
- General Services Administration (GSA) Motor pool, Supply, and Telephone; and
 - Postage.
9. Any changes to an IAA after it has been signed and approved must be amended, signed and uploaded into the repository.

110503 IAA Paper Form Administration

From the inception of the buy/sell activity, the buyer and seller will assign their Program Officials or designees to lead the administration process. VA will not perform work and/or make any payments before the IAA is officially executed.

A. Upon the execution of the IAA:

1. The seller will:
 - a. Start working on the ordered goods and services;
 - b. Record an unfilled customer order/undelivered order and anticipated reimbursements; and
 - c. If an advance is utilized, record the advance as a liability.
2. The buyer will:
 - a. Obligate the funds based on the IAA; and
 - b. If an advance is utilized, record an asset for the advance.

B. During the POP of the IAA:

1. The seller will:
 - a. Manage the fulfillment of the IAA, including, but not limited to:
 - Overseeing the performance of the seller and/or the contractor;
 - Monitoring goods and services delivery and receipt status to conform with the POP start and stop date;
 - Resolving performance/compliance issues and disputes;
 - Negotiating and signing modifications to the IAA, when necessary; and
 - Initiating the closeout process.
 - b. Will make funding adjustments based on authorized modifications, when applicable;
 - c. After the goods and services are accepted, will accrue revenue, record receivables, validate the expense, and complete the billing request; and
 - d. After the bills are verified and approved by the buyer:
 - Recognize the cash receipts and collected reimbursements;

- Process all IPAC transactions in accordance with Treasury's cut-off dates. Payments/collections can be processed by either party as determined by the order within the IAA. All IPAC transactions must include the IAA or obligation number as specified in the IAA.

2. The buyer will:

- a. Manage the fulfillment of the IAA, including, but not limited to:
 - Ensuring contract expectations are being met by the seller and/or the contractor;
 - Monitoring goods and services delivery and receipt status to conform with the POP start and stop date;
 - Resolving performance/compliance issues and disputes;
 - Negotiating and signing modifications to the IAA, when necessary; and
 - Initiating the closeout process.
- b. Make funding adjustments based on authorized modifications, when applicable;
- c. Record a monthly accrual for expenses incurred but not invoiced or paid;
- d. After the goods and services are accepted, will liquidate the advance payments (if applicable), recognize service expense/received goods, record payables, and review the billing documents;
- e. After the bills are verified and approved:
 - Record disbursements and process payments based on the agreed payment schedule;
 - Process all IPAC transactions in accordance with Treasury's cut-off dates. Payments/collections can be processed by either party as determined by the order within the IAA. All IPAC transactions must include the IAA or obligation number as specified in the IAA.
 - Record reimbursements in the "reimbursable" funds established for these collections; and
 - VA will perform a regular reconciliation process to ensure the accuracy of transactions. Refer to the following policy item C for the reconciliation process.

C. Reconciliation:

1. The seller will:

- a. Reconcile buy/sell transactions to ensure accounting entries are correct in their systems during the POP and as a part of closeout;

- b. Comply with Treasury's requirement to reconcile transactions, which include:
 - seller's accounts receivable vs. buyer's accounts payable;
 - seller's unearned revenue/liability from buyer vs. buyer's advance to seller; and
 - seller's revenue vs. buyer's expenses/capitalized purchases;
 - c. Perform reconciliation on a monthly basis;
 - d. VA will resolve reconciliation differences in a timely manner to ensure the accuracy of VA's quarterly consolidated financial statements, which are certified by the CFOs of the Administrations and Staff Offices; and
 - e. Reconciliation differences will be documented using the IAA agreement number and order number.
2. The buyer will:
- a. Reconcile buy/sell transactions to ensure accounting entries are correct in their systems during the POP and as a part of closeout;
 - b. Comply with Treasury's requirement to reconcile transactions, which include:
 - buyer's accounts payable vs. seller's accounts receivable;
 - buyer's advance to seller vs. seller's unearned revenue/liability from buyer; and
 - buyer's expenses/capitalized purchases vs. seller's revenue;
 - c. Perform reconciliation on a monthly basis;
 - d. VA will resolve reconciliation differences in a timely manner to ensure the accuracy of VA's quarterly consolidated financial statements, which are certified by the CFOs of the Administrations and Staff Offices; and
 - e. Reconciliation differences will be documented using the IAA agreement number and order number.

As required by Treasury, FSC will communicate with other federal agencies as timely as possible, but no less than quarterly, to address and resolve reconciliation differences.

If the reconciliation differences with other federal agencies cannot be resolved timely, FSC will comply with Treasury's requirements for developing Root Cause/Corrective Action Plans (CAP) and the Dispute Resolution Process. Refer to VA Financial Policy Volume I, Chapter 11, Intragovernmental Transactions, for detailed information.

D. IAA Close-out process:

VA will start the close-out process when the IAA reaches the end of its POP. Refer to VA Financial Policy Volume II, Chapter 5 for guidance on periodic review of open and stale obligations. If there are justifying circumstances that prevent the closeout, VA will document the reasons/basis for non-closure and continue collaborating with its TPs to resolve any issues.

1. The seller will:

- a. Ensure the IAA is satisfactorily completed, and final payment has been made;
- b. If an advance was processed relative to the IAA, the seller will return any unobligated or unused funding to the buyer. Specific to Economy Act IAAs, the return should be performed prior to the expiration of the fund's availability;
- c. Close and deobligate any open third-party contracts;
- d. Complete the review, approval, and documentation process for IAA closure based on agreed-upon procedures;
- e. Deobligate the excess funding according to authoritative requirements. Economy Act orders will be deobligated to the extent that the agency or office filling the order has not incurred obligations by either providing the goods or services or have awarded a contract before the end of the period of availability of the appropriation. Refer to 31 U.S.C. § 1535, Agency agreements. Non-Economy Act orders will be deobligated to the extent possible, particularly to return funding to no-year funds when third-party contracts are closed and deobligated. Refer to VA Financial Policy Volume II, Chapter 5, Obligations Policy, for reconciling open obligations.

Refer to Appendix C and Appendix D for OGC guidance for deobligating funding on an IAA for Severable and Non-severable services under the Economy Act.

- f. Close the IAA in their procurement/acquisition systems and/or accounting and financial systems; and
- g. File all IAA-related documents according to the documentation retention requirements.

2. The buyer will:

- a. Ensure the IAA is satisfactorily completed, and final payment has been made;

- b. If an advance was processed relative to the IAA, seek the return of funding from the seller. Specific to Economy Act IAAs, the return should be performed prior to the expiration of the fund's availability;
- c. Close and deobligate any open third-party contracts;
- d. Complete the review, approval, and documentation process for IAA closure based on agreed-upon procedures;
- e. Deobligate the excess funding according to authoritative requirements. Economy act orders will be deobligated to the extent that the agency or office filling the order has not incurred obligations by either providing the goods or services or have awarded a contract before the end of the period of availability of the appropriation. Refer to 31 U.S.C. § 1535, Agency agreements.

Refer to Appendix C and Appendix D for OGC's guidance for deobligating funding on an IAA for Severable and Non-severable services under the Economy Act.

- f. Close the IAA in their procurement/acquisition systems and/or accounting and financial systems; and
- g. File all IAA-related documents according to the documentation retention requirements.

110504 IAA Related Reporting Requirements

- A. FSC and Administration/Staff Office CFOs will cooperate to ensure the appropriate recording and reporting for buy/sell-related activities, transactions, and reconciliations in VA's accounting system.
- B. FSC and Administration/Staff Office CFOs will follow OMB and Treasury's guidelines for performing reconciliations and reporting. Refer to VA Financial Policy Volume I, Chapter 11, Intragovernmental Transactions for details.

1106 Authorities and References

[2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)

[5 U.S.C. § 3371- 3376, Assignments to and from States](#)

[5 U.S.C. § 4104, Government facilities; use of](#)

[5 U.S.C. § 5514, Installment Deduction for Indebtedness to the United States](#)

[31 U.S.C. §1531 – §1537, Transfers and Reimbursements](#)

[31 U.S.C. § 3512\(b\) and § 3513, Accounting Requirements, Systems, and Information](#)

[38 U.S.C. § 308, Assistant Secretaries; Deputy Assistant Secretaries](#)

[38 U.S.C. Chapter 81, Acquisition and Operation of Hospital and Domiciliary Facilities; Procurement and Supply](#)

[41 U.S.C. § 3902, Severable services contracts for periods crossing fiscal years](#)

[FAR 17.5 Interagency Acquisitions](#)

[OMB the Office of Federal Procurement Policy Memorandum, Guidance for Improving the Management and Use of Interagency Acquisitions](#)

[Public Law 95-224, Federal Grant and Cooperative Agreement Act](#)

[Public Law 109-114, Military Quality of Life and Veterans Affairs Appropriations Act, 2006](#)

[TFM Volume I, Part 2, Chapter 4700, Agency Reporting Requirements for the Financial Report of the United States Government](#)
[Treasury Fiscal Service Data Registry](#)

[Treasury Form 7600A, Agreement Between Federal Agencies General Terms & Conditions \(GT&C\) Section](#)

[Treasury Form 7600B, Agreement Between Federal Agencies Order Requirements and Funding Information \(Order\) Section](#)

[VA Acquisition Regulation \(VAAR\)](#)

[VA Acquisition Manual \(VAAM\)](#)

[VA Acquisitions Manual Subpart M817.5 Interagency Acquisitions](#)

[VA Financial Policy Volume I, Chapter 11, Intragovernmental Transactions](#)

[VA Financial Policy Volume I, Chapter 11b, Buy/Sell Transactions \(G-Invoicing\)](#)

[VA Financial Policy Volume I, Chapter 5, Obligations Policy](#)

[VA Form 10-1245C, VA/Department of Defense Sharing Agreement](#)

[VA Form 2269, Intra-Agency Cross-Servicing Support Agreement](#)

[VA Market Research Guide for Acquisition Teams](#)

1107 Rescissions

VA Financial Policy, Volume I, General Accounting, Chapter 11a – Buy/Sell Transactions dated September 2020.

1108 Questions

Questions concerning these financial policies and procedures should be directed as follows:

VHA	<u>VHA 10A3A Accounting Policy</u> (Outlook)
VHA	<u>VAFSC Nationwide Accounting</u> (Outlook)
VBA	<u>VAVBAWAS/CO/FINREP</u> (Outlook)
NCA	<u>NCA Finance Group</u> (Outlook)
All Others	<u>OFP Accounting Policy</u> (Outlook)

Appendix A: TFM 4700 Buy/Sell IPAC & G-Invoicing Transaction Cycles

The Buy/Sell process model is defined by four distinct phases of activity:

- IAA Initiation and GT&C
- Order
- Performance Transactions/Receipt and Acceptance
- Fund Settlement/IAA Closeout

Each phase is characterized by specific business and accounting event(s) and is governed by a particular set of business rules to guide the decision-making process throughout the Buy/Sell life cycle, as displayed below.


Intragovernmental Buy/Sell Transaction Cycle				
Phase	Initiation and GT&C	Order	Performance Transaction and Receipt/Acceptance	Fund Settlement and IAA Closeout
Buy/Sell Business Event	<ul style="list-style-type: none"> • Complete Determination & Findings and identify trading partners • Establish GT&C • Officials Approve GT&C 	<ul style="list-style-type: none"> • Document statutory authority and bonafide need • Complete accounting terms of IAA • Detail product requirements • Document TAS/BETCs • Create fiscal obligation 	<ul style="list-style-type: none"> • Goods/services are performed and delivered 	<ul style="list-style-type: none"> • Buyer submits payment • Funds are transferred • Agreement is closed out
Accounting Event(s)	<ul style="list-style-type: none"> • No accounting events 	<ul style="list-style-type: none"> • Record UCO/UDO • Record advance payments (if necessary) 	<ul style="list-style-type: none"> • Document the exchange of goods/services • Record invoices • Record accruals 	<ul style="list-style-type: none"> • Record payment/collection • Record deobligations (if necessary)

Source: TFM Volume I, Chapter 4700, Appendix 8

Intragovernmental Buy/Sell Transaction Lifecycle				
Stage	GT&C	Order	Performance Transaction	Fund Settlement
Platform	G-Invoicing	G-Invoicing	G-Invoicing	IPAC
Buy/Sell Business Events	<ul style="list-style-type: none"> • Trading partners' roles & responsibilities are identified • Contact information and authorized officials are established • Agency Officials will Establish & Approve GT&C 	<ul style="list-style-type: none"> • Accounting terms of the IAA are completed • Product requirements are detailed • A fiscal obligation is created 	<ul style="list-style-type: none"> • Goods/services are delivered/performed • The exchange of goods/services (Delivered/Received) • Accrual information is exchanged 	<ul style="list-style-type: none"> • IPAC is initiated through the completion of the Performance Transaction • Funds are transferred

Source: TFM Volume I, Chapter 4700, Appendix 8

Appendix B: Template of VA IAA Routing Cover Sheet

 Department of Veterans Affairs		IAA Routing COVER SHEET	
IAA NO.	REQUESTING AGENCY (BUYER): _____	IAA STATUTORY AUTHORITY:	
	SERVICING AGENCY (SELLER): _____	<input type="checkbox"/> ECONOMY ACT <input type="checkbox"/> NON-ECONOMY ACT ESTIMATED TOTAL COST: \$ _____	
TITLE OR ORGANIZATIONAL ELEMENT	REVIEWER'S NAME AND TITLE	Approved	Date
FSC's Initial Review		<input type="checkbox"/>	
OGC's review, if applicable (See OAL Part M 817)		<input type="checkbox"/>	
Other Applicable Review (per internal Directives or Handbooks)		<input type="checkbox"/>	
CIO or designee's review for IT equipment, if applicable		<input type="checkbox"/>	
Administration or Staff Office CFO's for amounts ≥ \$25M (Buyer or Seller)		<input type="checkbox"/>	
FSC's Final Review		<input type="checkbox"/>	

Appendix C: OGC Whitepaper: Current Year vs. Prior Year Funds and Interagency Agreements or Contracts for Nonseverable Services (including Assisted Acquisitions)

This guidance is subject to change, should you encounter a situation that is contrary to this guidance, please contact your OGC representative for additional guidance.

For comparison/contrast purposes, here are rules for all the different types of changes to agreements or contracts for nonseverable services:

1. VA contracts with a private vendor or a Federal revolving fund (e.g., 1VA+ Supply Fund): A contract for nonseverable services whose performance will cross FYs cannot be funded with funds from both (or multiple) years. The entire nonseverable service is considered a bona fide need of the FY in which VA entered into the contract. Under the Adequacy of Appropriations Act, appropriations must be adequate to fully fund the contract at award. We cannot incrementally fund a nonseverable task with funds from multiple years.

Bottom Line: Within-scope modifications to the contract must be funded with funds from the FY in which VA entered into the contract.

2. VA enters into an Economy Act agreement in which another agency is to perform the work itself (using annual funds): Where work is performed or services rendered on a reimbursable basis by one agency for another agency over a period covering more than one FY, the respective annual appropriations of the served agency must be charged only to the extent that work is performed or services are rendered in the particular FY. Any modifications or changes to the agreement must be funded with appropriations from the year that the performing agency performs (Note: I don't know whether Economy Act agreement are modified or if we simply enter into a separate, new Economy Act agreement – that is a question for the acquisition law experts). Example: the IAA with DoJ for the Vietnam Veterans litigation where the work was not completed in FY 11 – the FY 11 work was funded with FY 11 funds, but the FY 12 work had to be funded with FY 12 funds.

Here's an example from Comptroller General:

Suppose that, towards the end of fiscal year 2006, an agency develops the need for some sort of statistical study. It enters into a contract with a private party a few days before the end of the fiscal year, obligating fiscal year 2006 appropriations, knowing full well that most of the work will be done in the following year. Assuming the need was legitimate, the obligated funds remain available to pay for the work. Now take the same situation except the contract is with another government agency under the Economy Act and the work is to be done by personnel of the performing agency. The 2006 funds may be used only

for work actually done in the remaining days of that fiscal year. The remainder must be deobligated and reobligated against fiscal year 2007 appropriations. See B-223833, Nov. 5, 1987; B-134099, Dec. 13, 1957.

Per Department of Treasury guidance,

FAR 17.502 differentiates between services performed in-house or by awarding a contract. If the servicing agency uses its own resources and personnel to perform, work must cease and unused funds must be de-obligated at the end of the period of availability of the funds (usually, at the end of the fiscal year). On the other hand, if the servicing agency awards an otherwise proper contract or task order by the end of the period of the availability of the funds, those funds are considered obligated and performance may continue. The de-obligation requirement of 31 U.S.C. Section 1535(d) does not apply where the appropriation originally obligated is a no-year appropriation.

Department of the Treasury Interagency Agreement Guide, 2nd Ed. (March 2013) at p. 9.

Bottom Line: Work done by the performing agency in a second FY must be funded with current year funds.

3. VA enters into an Economy Act agreement in which another agency intends to apply VA's annual funds to a third-party contract: This one is a hybrid of the first two since another Federal agency is providing a service (contracting assistance) but a private contractor is performing the work that the ordering agency is seeking to obtain. As such, it involves two payments: (1) payment to the Federal agency providing the contracting assistance under the Economy Act agreement and (2) funding of the contract with the third-party private entity for the work. The Economy Act does not authorize an agency to use another agency to do anything it could not lawfully do itself. For instance, agencies cannot use the Economy Act as a means of circumventing the Adequacy of Appropriations Act.

Bottom Line: (1) Any payments due to the performing agency for contracting assistance in a particular FY must be funded with current year funds.

(2) On the other hand, within-scope modifications to the contract with the private third party must be funded with funds from the FY in which the contract was awarded.

Office of General Counsel, Appropriations/Fiscal Law
Revised May 2018

Appendix D: OGC Whitepaper: Severable Services and IAAs

This guidance is subject to change, should you encounter a situation that is contrary to this guidance, please contact your OGC representative for additional guidance.

The use of an IAA doesn't allow a Federal agency to circumvent the bona fide needs rule as it applies to severable services ("Since a severable service contract addresses a recurring or continuing need, such as a maintenance contract, 35 Comp. Gen. 319 (1955), the cost of addressing such needs are charged under the bona fide needs rule to the appropriation current at the time services are provided." 71 Comp. Gen. 428, 430 (1992)). However, civilian agencies can use the 41 U.S.C. § 3902 authority to cross one FY over a 12-month period with respect to assisted acquisitions and IAAs under revolving fund authorities (but not IAAs entered into under the authority of the Economy Act, 31 U.S.C. § 1535).

Please see detailed Comptroller General analysis in B-323940, U.S. Army Europe-- Obligation of Funds for an Interagency Agreement for Severable Services, January 7, 2015 <http://www.gao.gov/products/B-323940>. Note that 41 U.S.C. § 3902 is the civilian agency counterpart to 10 U.S.C. § 2410a.

Hypothetical Situation: A proposed IAA between VA & Treasury is for severable services. It contemplates that Treasury will provide some of the services directly to VA and will do assisted acquisitions for some services. Treasury's revolving fund authority will be used. It is late in FY 15. How can VA fund the IAA?

Answer: VA should use FY15 funds to pay for the following:

(1) any up-to-12-month contracts awarded by Treasury on VA's behalf prior to 9/30/2015 (this is permissible under the authority of 41 U.S.C. § 3902 (formerly 41 U.S.C. § 253l), which permits severable services contracts of up to 12 months in length to cross fiscal years) and

(2) any work performed by Treasury employees under the IAA for a 12-month period beginning prior to 9/30/2015. The 41 U.S.C. § 3902 authority applies.

Hypothetical #2: What if the Economy Act is the authority for the IAA?

Answer: VA should use FY15 funds to pay for the following:

(1) any up-to-12-month contracts awarded by Treasury on VA's behalf prior to 9/30/2015 and

(2) any work performed by Treasury employees under the IAA prior to 9/30/2015. Work performed under an Economy Act IAA in FY 2016 must be funded with FY 2016 dollars.

VA Office of General Counsel Appropriations/Fiscal Law component

February 2015

Appendix E: Procurement of High-Tech Medical Equipment by National
Acquisition Center



VA U.S. Department of Veterans Affairs

New Mandatory 2237/2138 Clause for NAC HTME Procurements

Background/Information

Financial Statement Audits conducted in FY2017 through FY2021 reported findings for failure to use a reimbursable agreement form (2269) to record the reimbursable activities for each individual HTME order.

In order to comply with this audit finding --- the mandatory 2237 clause (shown below) in the special remarks section is now required for all NAC HTME procurements.

Facility Actions

All NAC orders beginning October 1, 2021, will be required to include the below clause in the special remarks section of the 2237 (purchase request)/2138 (purchase order). The special remark will then automatically transfer to the 2138 purchase order, so the clause is captured on both forms. Non-compliance will run the risk of the request being returned by the NAC.

Note: The Special Remarks section can still be used to hold additional information. If it is used, please use a separate paragraph that comes after the below statement.

Required Clause in Special Remarks Section:

This purchase is acquired under an intra agency agreement between VHA and the NAC. Forms 2237/2138 are used in lieu of Form 2269. NAC will provide acquisition services for the purchase of high-tech medical equipment (HTME), through the assignment of Federal and contracted contracting staff. Services include, but are not limited to, pre-solicitation; solicitation; award; termination, routine post-award procurement activities; contract administration, protest actions and support services. Most HTME orders are placed in accordance with a solicitation schedule. A solicitation schedule may take up to 240 calendar days to complete. VHA will pay the VA Supply Fund a surcharge fee representing a percentage of the obligated dollars per order as is established by the Revolving Fund Board of Directors. Should an order be modified at no cost (e.g. delivery date change), decreased or canceled by a customer after order placement, the customer will still be responsible for the agreed upon surcharge percentage based on the original or modification award amount. This intra agency agreement is authorized under 38 USC 8121 - Revolving Supply Fund.

For financial policy questions please contact: VHAFinancial.policy@va.gov

For questions related to entering the clause into a 2237/2138 contact: VHACOPLOImagingELCM@va.gov

Appendix F: Personnel Cost Scenario Examples

Description	Transfer for the Payment of a Good or Service is normal part of Sellers business activity (Buy/Sell)	Does Transfer result in an Obligation or Outlay (Expenditure Transfer)	Policy Guidance	Considerations/Comments
An NCA staff member performs a project for the VAMC and VHA wishes to provide a performance award.	No	Yes	Volume II, Chapter 7 – Various Appropriations Law Related Topics Page 7 Volume 1 Chapter 9 - Expenditure Transfers Page 6	VA will record adjustments to expenditures by transferring expenditures from one VA organization to another (e.g., one of the organizations gives an award to a VA employee who works in another VA organization and the employing organization has already obligated and expended the award to its employee). Subject to award limitation VA may record a transfer of costs associated with an employee's activity from one organization completed on behalf of another organization, if the costs have already been obligated and expended by the employing organization.
A medical center would like to have a person who currently works in the Canteen Service, work for Dietetics on the weekends. This person would help prepare food. They would be	No	Yes	Volume II, Chapter 7 – Various Appropriations Law Related Topics Page 6/7 Volume 1 Chapter 9 - Expenditure Transfers	VA will record adjustments to expenditures to temporarily charge one VA appropriation for an expenditure benefiting another VA appropriation, as long as amounts are available in both appropriations and the accounts are adjusted to reimburse the appropriation initially charged during or as of the close of the fiscal year. VA may record a transfer of costs associated with an employee's

filling a gap as there is a shortage of food workers at this medical center.			Page 6	activity from one organization completed on behalf of another organization, if the costs have already been obligated and expended by the employing organization.
A VBA contact center representative located on the same campus as a VAMC volunteers to serve on their labor pool for COVID. This would result in overtime.	No	Yes	Volume II, Chapter 7 – Various Appropriations Law Related Topics Pages 6/7 Volume 1 Chapter 9 - Expenditure Transfers Page 6	VA will record adjustments to expenditures to temporarily charge one VA appropriation for an expenditure benefiting another VA appropriation, as long as amounts are available in both appropriations and the accounts are adjusted to reimburse the appropriation initially charged during or as of the close of the fiscal year. VA may record a transfer of costs associated with an employee's activity from one organization completed on behalf of another organization, if the costs have already been obligated and expended by the employing organization.
Signed 2269 for a salary/payroll agreement between facility A and B, the detail assignment to include 10% of FTE time up to a one-year period. The requesting organization will reimburse the servicing organization for the period of service.	No	Yes	Volume II, Chapter 7 – Various Appropriations Law Related Topics Page 6/7	VA will record adjustments to expenditures to temporarily charge one VA appropriation for an expenditure benefiting another VA appropriation, as long as amounts are available in both appropriations and the accounts are adjusted to reimburse the appropriation initially charged during or as of the close of the fiscal year.